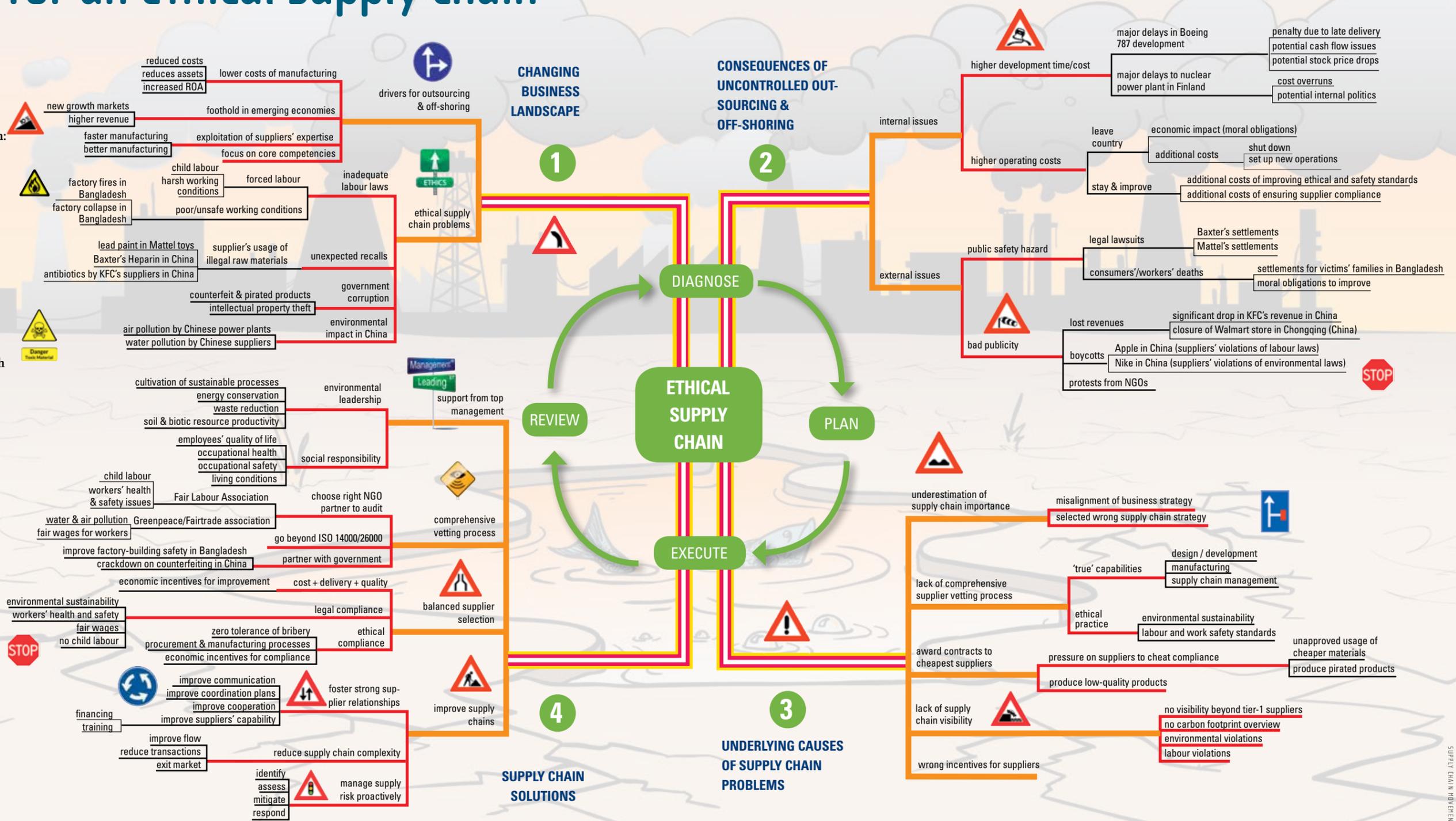


Mindmap for an ethical supply chain

As a result of the growth in the outsourcing of manufacturing worldwide, ethical problems are also increasing in the supply chain: a catastrophic fire in a contract manufacturer's overcrowded factory in Bangladesh and recalls of branded products containing harmful substances, to name but a few. Much can be gained by taking a structured approach to these challenges. Together with Professor Christopher Tang from the University of California, Los Angeles (UCLA), Supply Chain Movement has devised this mindmap outlining the route, with road signs indicating potential hazards along the way.

Creators of the mindmap:



MINDMAP MANUAL

The global manufacturing landscape is changing considerably, and rapidly. More and more companies are outsourcing production to low-wage countries in order to save costs and sometimes to gain a foothold in these emerging economies. Problems are becoming increasingly frequent because labour laws in such countries are rarely adhered to

and there are few checks. There is also a rising number of recalls as contract manufacturers cut corners on raw materials. An ethical supply chain demands a thorough analysis of global outsourcing: **Diagnosis.** Uncontrolled outsourcing and off-shoring can have far-reaching consequences.

Not only the operational costs but also the development costs can also spiral out of control, as happened with the Boeing 787. Public health can be put at risk by unsafe products resulting in damaging legal cases, such as Mattel experienced due to lead paint in its toys. Negative publicity can harm the brand image and lead to a loss of revenue or even boy-

cotts. Good preparation before outsourcing is absolutely crucial: **Plan.** It is essential to analyse the underlying causes of various supply chain problems. The senior management might underestimate the importance of supply chain management. Existing and new suppliers and contract manufacturers might not be

vetted sufficiently, or perhaps not at all. Supplier selection based on the lowest cost price and current suppliers' incentives can also be counterproductive. Having analysed the causes, it is time to make improvements: **Execution.** The solutions for an ethical yet at the same time profitable supply chain lie in

four key areas. The senior management must demonstrate leadership in sustainability and corporate social responsibility. Processes must be put in place to vet suppliers in collaboration with NGOs such as Greenpeace, Fairtrade International and the Fair Labor Association. Suppliers must be chosen based on well-balanced criteria and in line with ethical and legal

guidelines. Risk management, complexity reduction and supplier management ensure supply chain improvement. After implementation, it is time to complete the full circle: **Review.**

